# Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 COME-00 EB-08 LAB-04 SIL-01 /072 W

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R 211450Z DEC 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9400

INFO AMEMBASSY BONN

AMCONSUL FLORENCE

AMCONSUL GENOA

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMEMBASSY PARIS

AMCONSUL TRIESTE

AMCONSUL TURIN

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E.O. 11652: GDS TAGS: PINT, IT

SUBJECT: THE REPUBLICAN PARTY TODAY

SUMMARY: THE REPUBLICAN PARTY, A PARTY OF MIDDLE CLASS PROFESSIONALS AND INDUSTRIALISTS HEADED BY AN AGING PATRIARCH, HAS BECOME A MAJOR PROPONENT OF BRINGING THE COMMUNISTS INTO THE GOVERNMENT. THE VIEWS OF THIS SMALL GROUP ARE SYMPTOMATIC OF THE RAPIDLY CHANGING POLITICAL SCENE IN ITALY. END SUMMARY.

1. "THE NEW AND OLD PROBLEME OF OUR ECONOMY NOW REQUIRE MORE RESOLUTE ACTION THAN IN THE PAST AND, ABOVE ALL, A DARING NEW APPROACH." THIS STATEMENT BY LA MALFA WAS MADE NOT LAST WEEK, THOUGH IT MIGHT HAVE BEEN, BUT IN 1962 WHEN HE BECAME MINISTER OF BUDGET AND ECONOMIC PLANNING. "RESOLUTE ACTION" TO DEAL WITH CONFIDENTIAL

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ITALY'S ECONOMIC PROBLEMS HAS BEEN THE REPUBLICAN PARTY PRESIDENT'S OBSESSION. AT THE MOMENT IT IS THE DRIVING FORCE BEHIND HIS CAMPAIGN TO BRING THE COMMUNISTS INTO THE GOVERNMENT.

2. IN LA MALFA'S VIEW TWO FUNDAMENTAL TRENDS HAVE COINCIDED IN RECENT MONTHS. ONE IS THE GOVERNMENT'S INCAPACITY TO DEAL WITH ITALY'S ECONOMIC PROBLEMS. THE OTHER IS THE EVOLUTION OF THE

COMMUNISTS INTO A DEMOCRATIC AND PLURALISTIC PARTY WITH MODERATE ECONOMIC POLICIES. IN A RADICAL SHIFT FROM HIS PREVIOUS OPPOSITION TO FORMAL COOPERATION BETWEEN THE COMMUNISTS AND THE CHRISTIAN DEMOCRATS, LA MALFA HAS CONCLUDED THAT ONLY WHEN THE COMMUNISTS SHARE POLITICAL RESPONSIBILITY WITH THE OTHER MAJOR PARTY WILL THE GOVERNMENT BE ABLE TO DEAL FRONTALLY WITH ITALY'S ECONOMIC AND SOCIAL PROBLEMS. COMMUNIST PARTICIPATION IS THEREFORE DESIRABLE.

- 3. AS THE REPUBLICAN LEADER SEES THINGS, IT IS ALSO INEVITABLE. THE COMMUNISTS HAVE THE SUPPORT OF OVER ONE-THIRD OF THE ITALIAN ELECTORATE. THEY ARE THE DOMINANT INFLUENCE IN THE TRADE UNION MOVEMENT. THEY ARE THE ONLY ORGANIZATION THAT CAN CONTROL THE WORKERS AND GIVE INDUSTRY THE CERTAINTY THAT IT NEEDS FOR ITS DEVELOPMENT PLANS. IN HIS JUDGMENT SUCH A FORCE CANNOT BE EXCLUDED FROM PARTICIPATION IN GOVERNING ITALY.
- 4. ALTHOUGH LA MALFA'S VIEWS HAVE BEEN EVOLVING IN THIS DIRECTION FOR SOME TIME. IT IS SYMPTOMATIC THAT HE FIRST PUBLICLY APPEALED TO THE CHRISTIAN DEMOCRATS FORMALLY TO SHARE GOVERNMENT RESPONSIBILITY

WITH THE COMMUNISTS FOLLOWING BERLINGUER'S SPEECH TO THE 60TH PARTY CONGRESS IN MOSCOW. TO LA MALFA AND THE OTHER PARTY LEADERS, THAT EVENT MARKED A WATERSHED IN THE COMMUNIST PARTY'S EVOLUTION TOWARD SOCIAL DEMOCRACY. THE QUESTION NOW, AS FAR AS LA MALFA IS CONCERNED, IS NOT WHETHER BUT WHEN AND HOW THE COMMUNISTS FORMALLY ENTER THE GOVERNMENT. HE WANTS TO SEE THEM BROUGHT IN CONFIDENTIAL

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IN AN ORDERLY AND DELIBERATE WAY, NOT AS A RESULT OF A CRISIS OR AN ELECTION UPSET

5. APART FROM ELEMENTS IN THE LABOR MOVEMENT, NOTABLY THE EX-SECRETARY GENERAL OF THE UIL, VANNI, LA MALFA'S APPROACH APPEARS TO ENJOY THE FULL SUPPORT OF THE PARTY ORGANIZATION. LESS CLEAR IS THE REACTION OF THE PARTY'S RANK AND FILE, IF SO PLEBEIAN A TERM CAN BE USED OF THE TECHNOCRATS, MANAGERS AND OTHER MEMBERS OF THE PROFESSIONAL MIDDLE CLASS WHO CONSTITUTE THE REPUBLICAN PARTY. BUT THE ALMOST INVARIABLE COINCIDENCE OF VIEW OVER THE YEARS IS ONE OF THE PARADOXICAL TRAITS OF A PARTY SO LIBERAL AND NON-DOCTRINAIRE. BECAUSE IT ATTRACTS LIKE-MINDED PEOPLE, THE PARTY HAS A UNITY AND AN INTELLECTUAL COHERENCE UNIQUE IN ITALIAN POLITICS. BECAUSE IT ATTRACTS AN INFLUENTIAL LAYER OF THE ITALIAN POPULATION, ITS IMPACT FAR EXCEEDS ITS DIMINUTIVE SIZE--IN THE LAST ELECTION IT RECEIVED ONLY 3 PERCENT OF THE VOTE. BUT BECAUSE ITS APPEAL IS ESSENTIALLY LIMITED TO PROFESSIONALS AND THE UPPER MIDDLE CLASS, IT IS LESS A PARTY THAN A PUBLIC INTEREST GROUP DEDICATED TO A FEW PRAGMATIC GOALS.

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6. THE PARTY'S INFLUENCE STEMS ALSO FROM ITS MORAL STANDING--IT IS UNIQUELY UNTAINTED BY CORRUPTION--AND EVEN MORE FROM ITS POLITICAL RECORD. MODERN, STRONGLY EUROPEANIST AND WESTERN-ORIENTED, THE PARTY HAS OVER THE YEARS NOT ONLY CORRECTLY ASSESSED ITALY'S FUNDAMENTAL PROBLEMS (AS OTHER PARTIES HAVE DONE) BUT HAS WORKED FOR THE ADOPTION OF THE HARD SOLUTIONS NECESSARY TO SOLVE THEM (AS OTHER PARTIES HAVE NOT DONE). THE HARSH MEASURES, FOR INSTANCE, WHICH ARE NOW BEING CONSIDERED BY THE GOVERNMENT WERE ADVOCATED BY REPUBLICANS A YEAR AGO AND EARLIER. WITH ITS E ENVIABLE RECORD OF CONSISTENCY AND CORRECT ASSESSMENT, THE PARTY NEVER LETS THE GOVERNMENT FORGET THAT ITALY'S OVER-RIDING PROBLEM IS ECONOMIC AND THAT THE SOLUTIONS ALL INVOLVE BELT-TIGHTENING. AS A RECENT ARTICLE IN THE CORRIERE DELLA SERA PUT IT, "IN HIS WAY LA MALFA WAS AND REMAINS A REASSURING PERSONALITY: AT LEAST ONCE A DAY HE

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THUNDERS, HE CONDEMNS, HE IMPLORES BUT HE ALWAYS SAYS THE SAME THING." THIS "SAME THING" IS THE COUNTRY'S SERIOUS ECONOMIC CONDITION.

7. AS A CONSEQUENCE THE REPUBLICANS ENJOY A POLITICAL REPUTATION THAT GREATLY OVERCOMPENSATES FOR THEIR SIZE. BECAUSE OF THEIR COMPOSITION AND LACK OF ANY ASPIRATION TO BECOME A MASS PARTY, THEY HAVE TRADITIONALLY BEEN GUIDED BY THE DESIRE TO DEVELOP POLICIES BASED ON ECONOMIC LOGIC AND THE LONG-TERM INTERESTS OF THE COUNTRY RATHER THAN POLITICAL TACTICS AND SHORT-TERM ELECTORAL EXPEDIENCY. BUT SINCE THE REPUBLICAN PARTY IS TOO SMALL ITSELF TO EFFECT A CHANGE IN THE POLITICAL SCENE, IT HAS HAD TO WORK INDIRECTLY AND TO CREAT A SITUATION WHICH WILL FORCE OTHERS TO BRING ABOUT THE CHANGES THE REPUBLICANS CONSIDER NECESSARY.

8. THIS APPROACH (AND POSSIBLY THE DESIRE TO BECOME PRESIDENT OF ITALY) EXPLAINS LA MALFA'S RECENT MOVES TO SECURE A MORE OPEN AND FORMAL GOVERNMENTAL ROLE FOR THE COMMUNISTS. EVEN THOUGH HIS APPEAL WAS REJECTED, IT WAS FOLLOWED WITHIN A WEEK BY DEMANDS BY ALL OTHER LAY PARTIES FOR CHANGE IN THE PRESENT GOVERNMENTAL ARRANGEMENT, A SPEECH BY BERLINGUER CALLING FOR A GREATER COMMUNIST ROLE AND STATEMENTS BY MORO, ZACCAGNINI AND FANFANI WHICH TOGETHER SEEMED TO SUGGEST THAT A COMMUNIST ROLE MAY BE MORE A MATTER OF TIMING THAN OF PRINCIPLE.

9. THE PARTY'S MAJOR PROBLEM IS ITS MAJOR STRENGTH, UGO LA MALFA. THE 74 YEAR OLD PATRIARCH HAS DOMINATED THE ORGANIZATION TO THE POINT THAT THERE IS NO OPPOSITION, EXCEPT FOR PIETRO BUCCALOSI WHO REGULARLY CHALLENGES THE PARTY PRESIDENT AND WHO IS JUST AS REGULARLY SLAPPED DOWN. AS A CONSEQUENCE ONCE LA MALFA GOES, THE REPUBLICAN PARTY MAY WELL SUFFER THE SAME LEADERSHIP DISPUTES THAT HAVE SHAKEN THE SOCIALIST AND SOCIAL DEMOCRATIC PARTIES ONCE THEIR DOMINEERING HEADS STEPPED ASIDE. ANOTHER PROBLEM FOR THE CONFIDENTIAL.

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PARTY IS THAT LA MALFA IS SO ABSORBED IN THE DESIRE TO REPLACE LEONE AS PRESIDENT OF ITALY THAT HE MAY USE THE PARTY AS HIS TOOL FOR THIS PERSONAL OBJECTIVE.

10. IN SHORT, THE ROLE OF THE REPUBLICAN PARTY AT THE MOMENT IS AS A CATALYTIC AGENT. IN THE 1960S IT WAS ONE OF THE FIRST AND MOST OUTSPOKEN PROPONENTS FOR BRINGING THE SOCIALISTS INTO THE GOVERNMENT. NOW IT HAS VIRTUALLY USURPED THE SOCIALISTS' ROLE AS A MEDIATOR.-OR LINK.-BETWEEN THE COMMUNISTS AND THE CHRISTIAN DEMOCRATS. TIME WILL TELL WHETHER LA MALFA'S ACTIONS WILL HAVE THE AR-REACHING IMPACT THAT HE INTENDS. THAT TIME MAY NOT BE FAR OFF. GARDNER

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